

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (1/7):**

BUTTER: Grade AA closed at \$0.8750. The weekly average for Grade AA is \$0.8750 (N.C.).

CHEESE: Barrels closed at \$1.1200 and blocks at \$1.1400. The weekly average for barrels is \$1.1500 (-.0063) and blocks, \$1.1760 (+.0085).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone remains unsettled. Many butter producers and handlers still feel the cash price will decline in the near future, while others anticipate a more stable price. Churning activity has been heavy across the country. Cream offerings are reported to be readily available. Stocks of butter are fully sufficient to meet current demand. For the most part, orders are being placed for short term or immediate needs. Buyers continue to work off excess holiday purchases before reordering. Looking at 1999 fourth quarter butter sales, producers and handlers are very pleased with the volume of butter that cleared the market.

CHEESE: The cheese market is weak. Offerings are adequate to ample in the new year. Demand is mixed, from steady to occasionally lighter. Some traders are again expecting prices to reach levels needed to clear product to CCC. Cheese production is down from the past holiday weeks, but still seasonally active. Cumulative 11 month 1999 U.S. cheese production and comparison to the estimates for the same period in 1998 are: cheddar cheese, 2.595 billion pounds, up 191.1 million pounds (7.9%); mozzarella, 2.318 billion pounds, up 164.5 million pounds (7.6%); and total cheese, 7.259 billion pounds, an increase of 425.4 million pounds (6.2%).

FLUID MILK: Throughout the country, milk processing capacity was taxed over the end of year holiday period and into the first week of January. Milk volumes were high in most areas and surplus milk moved to processing channels. Plant operators reported no Y2K related operational problems. Milk production remains strong over most of the West with levels most often well above year ago levels. Some plants are receiving heavier milk volumes than during spring flush levels. Output is increasing at a steady pace in Florida and other parts of the Southeast. Cream offerings were heavy over the weekend. Multiples and pricing were lower. Cream volumes entering churns are heavy.

DRY PRODUCTS: Nonfat dry milk markets remain weak in all regions and continue to trade around the support price of \$1.01. Production levels were heavy in all regions. Buttermilk markets are trading at lower levels. Drying time availability is limited and affecting the offerings of current powder. However, condensed buttermilk is available at discounted prices. Whey prices are mostly unchanged, although the market tone is noted as weaker in several regions. Production was often higher than anticipated over the holiday period and stocks are building. Lactose prices are higher as first quarter contract prices take effect. Demand is good from domestic and export accounts. Whey protein concentrate prices are unchanged in a steady market. Supplies are tighter in the Midwest.

CCC: Net purchases for the week of January 3 - 7, totaled 9,191,264 pounds of nonfortified NDM from Western and Midwestern producers.

BASIC FORMULA PRICE (DAIRY PROGRAMS): The basic formula price (BFP) for December 1999 is \$9.63 per cwt. at 3.5% test. The BFP is 16 cents lower than last month and \$7.71 lower than December 1998. The BFP is the base month M/W price of \$10.48 minus a change of 85 cents, which is the change in the butter/powder/cheese formula from November to December. For December, the NASS average cheese price was \$1.1319. The butterfat differential is \$0.086. Class III-A prices are: for Federal Orders 1 & 2, \$10.75; for Order 4, \$10.77; for Orders 124, 131, & 135, \$10.66; for other affected orders, \$10.69. This is the last BFP. Starting February 4th, Class III and IV prices will be announced for Federal Milk Orders.

DAIRY PRODUCTS (NASS): Butter production was 90.4 million pounds in November 1999, 0.8% below November 1998 and 2.9% below October 1999. American type cheese production totaled 288.3 million pounds, 6.5% above November 1998 but 2.6% below October 1999. Total cheese output (excluding cottage cheese) was 689.7 million pounds, 8.3% above November 1998 and 2.4% above October 1999. Nonfat dry milk production, for human food, totaled 100.5 million pounds, 36.0% above November 1998 but 2.5% below October 1999. Dry whey production, for human food, was 91.8 million pounds, 7.5% above November 1998 and 6.2% above October 1999. Ice cream (hard) production totaled 59.5 million gallons, 15.6% above November 1998 but 5.0% below October 1999.

******SPECIALS THIS ISSUE******

BUTTER, CHEESE, AND BFP FUTURES (PAGE 7)
INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
MONTHLY AVERAGES AND SUMMARY (PAGES 9 - 11)
NOVEMBER DAIRY PRODUCTS HIGHLIGHTS (PAGE 12)

FEDERAL MILK ORDER REFORM FINAL DECISION:
-PRODUCT PRICE AVERAGES (PAGE 13)
-COMPARISON OF CLASS I BASE PRICE AND CLASS PRICES
TO CURRENT PRICING PROVISIONS (PAGE 14)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 3	TUESDAY JANUARY 4	WEDNESDAY JANUARY 5	THURSDAY JANUARY 6	FRIDAY JANUARY 7	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1850 (N.C.)	\$1.1850 (N.C.)	\$1.1600 (-.0250)	\$1.1000 (-.0600)	\$1.1200 (+.0200)	-.0650	\$1.1500 (-.0063)
40# BLOCKS	\$1.2000 (N.C.)	\$1.2000 (N.C.)	\$1.1900 (-.0100)	\$1.1500 (-.0400)	\$1.1400 (-.0100)	-.0600	\$1.1760 (+.0085)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER							
GRADE AA	\$.8750 (N.C.)	-----	\$.8750 (N.C.)	-----	\$.8750 (N.C.)	N.C.	\$.8750 (N.C.)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 3, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 1 CAR @ \$0.8000; OFFERS UNCOVERED: NONE

TUESDAY, JANUARY 4, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 5, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.1600; 2 CARS 40# BLOCKS: 1 @ \$1.1900, 1 @ \$1.1950
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS: 1 @ \$0.8500, 1 @ \$0.8650; BIDS UNFILLED: 6 CARS: 1 @ \$0.8750, 1 @ \$0.8500, 1 @ \$0.8450, 2 @ \$0.8400, 1 @ \$0.8200;
 OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 6, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1000; 5 CARS 40# BLOCKS: 1 @ \$1.1500, 2 @ \$1.1800, 2 @ \$1.1900
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 7, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0850, 7 CARS 40# BLOCKS: 3 @ \$1.1475, 1 @ \$1.1500, 1 @ \$1.1375, 1 @ \$1.1425, 1 @ \$1.1400; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1200, 1 CAR 40# BLOCKS @ \$1.1200; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1450, 1 @ \$1.1475, 1 @ \$1.1500
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR @ \$0.8750; BIDS UNFILLED: 4 CARS: 1 @ \$0.8500, 1 @ \$0.8400, 1 @ \$0.8500, 1 @ \$0.8000; OFFERS UNCOVERED: NONE

BUTTER MARKETS**NOVEMBER BUTTER PRODUCTION**

During November, butter production in the United States totaled 90.4 million pounds, 0.8% less than November 1998 and 2.9% lower than October. The following are percentage changes from November 1998: CA +7.0%; MN -20.3%; NY +2.4%; OR +7.1%; PA +30.2%; WA +43.7%; and WI -7.6%. Cumulative calendar year production for the first 11 months of 1999 totals 1.0 billion pounds, 7.6% heavier than the comparable period in 1998.

NORTHEAST

The market tone is steady to weak. Prices at the CME have held for the last three trading sessions (through Jan. 3) and some contacts are mildly surprised by this. Many expected lower prices during and just after the holidays. Demand for butter is slow as users and distributors work off existing inventories before placing new orders. There is no shortage of butter and buyers are not inclined to buy too far ahead. Churning activity was heavy during the holidays and continues at moderate to heavy levels early this week. Food service and retail sales have slowed from pre-holiday levels.

CENTRAL

Butter markets remain weak. Many butter producers and handlers are surprised at the stability of the cash price at the Chicago Mercantile Exchange. Many still feel that prices will weaken now that 4th quarter 1999 holiday sales have concluded. Churning during the past Christmas/New Year holiday period was strong as cream

volumes were heavy. Disruptions in churning schedules due to Y2K problems were very minimal if any at all. Current buyer interest is light as most orders being placed are for short term or immediate needs. Many producers have no other option than to inventory surplus production at this time. Most would desire a lower cash value, especially those that are having to inventory more stocks than are clearing their doors. For the most part, most butter producers anticipate that a large portion of near term production will enter inventory programs.

WEST

Some Western contacts are surprised at the continued steadiness in butter prices at the CME. Others believe that prices will not move much lower than present levels because butter is going into storage. Butter stocks in CME approved warehouses increased for the first time in 23 weeks. This is about the normal turn around time in the annual cycle. Butter demand has backed off somewhat as buyers assess holiday sales activity before reordering. Cream demand is light from other regions of the country which means churning activity is heavy.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCK-LOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JANUARY 1	1.1654 2,578,565	1.1555 5,085,449	1.0128 15,307,157	.8598 3,285,541	.1879 5,933,356

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher as prices at the CME moved higher at year's end. The market tone is steady, but unsettled. Some contacts feel that the price run-up was to make year end inventory values look not-so-bad. These same contacts wonder if these prices can be maintained in the face of growing milk production. Cheese output has been very heavy during the holiday period when milk supplies became burdensome. Some plants are still trying to "catch up" early this week. Cheese orders are up slightly as holiday inventories at retail outlets are being replenished and schools start to reopen. Cheese stocks are more than ample for most styles and there are no reports of difficulty obtaining desired quantities. Food service orders are holding up quite well. Retail sales are steady to slower now that the holidays are past.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1825-1.6725
Cheddar Single Daisies	:	1.1625-1.6225
Cheddar 40# Block	:	1.3075-1.4850
Process 5# Loaf	:	1.3650-1.5175
Process 5# Sliced	:	1.3850-1.6225
Muenster	:	1.3650-1.6675
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Some traders expect prices may soon decline to clear product to CCC under the price support program, but others are less bearish. Orders are mixed, from generally good to occasionally slower. More deliveries are occurring, particularly in long distance hauls and LTL volumes which were often bypassed due to the shortage of truckers during the holidays. Natural varieties in general continue stronger than process. Swiss prices are generally lower, in the \$1.70s in the upper Midwest and in the 1.50s in Ohio, for Grade A blocks sold in truckload volumes. Cheese production remains seasonally heavy, though plants are working through the surplus milk volumes from the holiday period. Estimated November total cheese output in selected Midwestern states compared to last November are: Wisconsin 182.1 million pounds, up 3.4 million pounds (1.9%); Minnesota 54.2 million pounds, up 6.7 million pounds (14.0%); Iowa 19.2 million pounds, down 422,000 pounds (2.1%); and Missouri 14.9 million pounds, up 328,000 pounds (2.3%).

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3375-1.6100
Brick And/Or Muenster 5#	:	1.5000-1.7275
Cheddar 40# Block	:	1.5200-2.1150
Monterey Jack 10#	:	1.6800-2.1150
Blue 5#	:	1.8625-2.1500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 3 - 7, 2000
BARRELS*	:	\$1.1575 - 1.1850 (NOMINAL)
	:	(\$0.0175) (.0125)
40# BLOCKS	:	\$1.1675 - 1.2000 (NOMINAL)
	:	(\$0.0375) (.0250)

() Change from previous week. * If steel, barrel returned.

WEST

Western cheese prices, except for Swiss, moved higher this week following prices at the CME. Contacts are somewhat skeptical about whether this trend will continue. Cheese output was extremely heavy over the holiday weekend. Most plants operated at maximum capacity and that level continues into this week. Sales activity is only fair as buyers make fill-in purchases after assessing holiday sales activity. Cumulative total cheese production through November for the U.S. stands at 7.26 billion pounds, up 6.2% from the record pace of 1998. November output in selected Western states compared to last year is as follows: California up 12.4%, Idaho up 11.4%, Utah up 22.8%, and Washington down 8.5%. Swiss output for November is 16.0 million pounds, up 13.5% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3125-1.5725
Cheddar 40# Block	:	1.2875-1.4275
Cheddar 10# Cuts	:	1.4675-1.6875
Monterey Jack 10#	:	1.4775-1.6375
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4200

FOREIGN

Domestic style prices are generally higher as cheese prices at the CME have moved higher since December 28. The market tone is weaker and somewhat typical for this time of year. Stocks range from light to fully adequate depending on type and country of origin. For the period of January to October 1999, U.S. cheese imports total 158,000 MT, 24.4% more than the same period in 1998

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.5125-2.1175*
Gorgonzola	: 3.2400-5.9400	: 2.0675-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9275-2.9525*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5275-1.8075*
Romano (Cows Milk)	: -0-	: 2.6900-4.8775*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

Note: 2 Western locations have been added to the sample used in 2000, increasing this week's total by 1.9% for butter and 3.4% for cheese from the previous sample numbers.

01/03/00	6,419	:	107,681
12/01/99	6,193	:	110,847
CHANGE	226	:	-3,166
% CHANGE	4	:	-3

Based on the historical relationship of the preliminary U.S. Cold Storage report of Nov. 30, 1999 and the selected centers storage report, the expected U.S. holdings as of Jan. 1, 2000 are:

Butter 28 million pounds plus or minus 0.93 percent
Cheese 442 million pounds plus or minus 2.00 percent

FLUID MILK AND CREAM

E A S T

The BFP announcement for December 1999 marks the end of the M-W/BFP milk pricing series that has been in effect since August 1961. Following the announcement of the December BFP, Eastern Milk Market Administrators announced changes to their Class III and III-A prices. The December BFP is \$9.63, down \$0.16 from November. In all Eastern orders, the December Class III prices are \$0.16 lower than November. The December Class III-A is \$10.75 in orders 1 & 2, \$10.77 in order 4, and \$10.69 in all other Eastern orders. The butterfat differential is \$0.086. Also, under the new Federal milk order reform, the Federal orders 1, 2, and 4 have been combined into the Northeast Federal Milk Order Marketing Area. Florida is an order by itself with the Appalachian and Southeast Orders making up the rest of the new areas in the Eastern region. Milk production is increasing at a steady pace in Florida and other Southeastern states while slowly climbing in the rest of the region. Milk supplies are getting back in better balance now that the holidays are behind us. Bottling schedules are much improved as schools are back in session plus the typical first of the month improved milk sales period. Bottlers have, in many cases, added onto their milk orders as they did take some Y2K precautions with regard to milk in their plants. This week, those operations were bottling very heavy to catch up with demand. Manufacturing plants are catching up with the holiday milk supplies and some Southern plants were caught up early this week and shut down. Florida handlers did not send any milk out of state this week and actually brought in some loads from regular, near-by sources. The condensed skim market is little changed. Offerings are not so heavy, but prices have held at generally low levels. The fluid cream market is somewhat confused. Under the new Federal order pricing reforms, cream pricing becomes less straight forward than we have come to know. Buyers and sellers are espousing various formulas based on CME or NASS butter prices. Finding consensus to which formulas to use is difficult. (Dairy Market News will still report prices per pound butterfat whether multiples or formulas are used.) Cream offerings are more than adequate, but contacts' reports range from lighter to ample. Demand for cream is improved as many ice cream plants are back in operation after being down for the last week or two. Bottled cream output is slower and egg nog production has stopped. Churning activity is heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.0500-1.1638
DELIVERED EQUIVALENT ATLANTA	-	1.0500-1.1550 M 1.0938-1.1200
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.1463-1.1813

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .9000-.9500

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 29 - JANUARY 6, 2000	14
PREVIOUS WEEK	8
COMPARABLE WEEK IN 1999	12

DESTINATIONS: MISSOURI 14

Class I interest is irregular, generally improved after the extended holiday period as schools reopen in the new year. Also, the usually stronger first of the month push in retail sales is helping in some markets. An improved seasonal interest in cottage cheese is utilizing some extra milk. The final BFP was announced at \$9.63 at 3.5% test. Manufacturing plants were still catching up with holiday surplus fluid volumes that continued into the regular workweek. Holiday surplus milk discounts down into the \$7.00 range were reported, but most were less than \$1.00 under class/MCP. Generally, most out of region

milk has disappeared. A few plant breakdowns during and shortly after the holidays did hamper some plant operator's ability to handle milk. By midweek, some spot manufacturing milk prices are going for small premiums of \$.25 or so. There were no reports of milk pooled under a Southern milk order. Cream demand has improved in the new year. Some ice cream plants have reopened after a week or two vacation and are again purchasing additional supplies. Current local plant milk intakes are relatively steady with recent weeks. Fat and protein tests have slipped from their recent peak but remain good. Somatic cell counts are generally good overall after a tough late summer and early fall. Temperatures range from setting a few all-time record highs during the holiday weekend to conditions more normally expected in January.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 28 - JAN 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 40.00	\$ 33.00- 38.50
REPLACEMENT HEIFER CALVES	\$280.00-360.00	\$185.00-220.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 28 - JAN 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 42.00	\$ 28.00- 38.25

W E S T

The February 2000 Class 1 prices in California range from \$11.69 in the north to \$11.96 in the south. The statewide average Class 1 based on production is \$11.75. The average is 23 cents lower than the prior month and \$8.09 lower than last year. The December 1999 4a price (butter/powder) in California is \$10.72, down 70 cents from November 1999 and \$2.80 lower than last year. The 4b price (cheese) is \$9.67, 21 cents lower than last month and \$7.47 less than last year. The December BFP used in Federal Orders was \$9.63 at 3.5% test, down 16 cents from November and \$7.71 lower than a year earlier. Milk output in the Southwest remains strong at levels most often double digits above a year ago. The good news was that no Y2K related problems were reported at processing plants in the region. Some milk and condensed skim were dumped in Arizona due to a combination of plant capacity, lack of shipping, and market disruptions that started in December. Weather conditions remain dry in Arizona, but alfalfa and other feeds are available. In California, production levels remain high and are at or above last year's spring flush levels in several areas. Weather conditions remain favorable for milk production. Some concerns are being expressed about the lack of moisture. The volume of milk was handled over the year end holiday, a tribute to cooperation and creativity of milk handlers in the state and region. In New Mexico, production is holding steady with recent weeks. Processors and milk handlers were full over the year end holidays, but found homes for any and all milk. Cream volumes in the region were heavy over the year end and extended into this week. Some trucking delays contributed to processing difficulties. The lack of demand for cream has led to lower multiples. Currently, shipments are increasing to out of region churns for processing. Manufacturing plant production runs are getting back to normal levels after the holiday rush of surplus milk. Milk was all handled and that surprised some plant people. A few plants were able to process some outside milk and condensed skim that they felt was very reasonably priced. Some contacts are wondering how all the milk in the region will be processed during the spring flush. Some plants are reporting that their milk supply is higher now than during the flush for the spring of 1999. Wet conditions have again moved into the Pacific Northwest. Most report the weather is about seasonal, but a bit warmer than normal. Milk output remains strong, farms continue to look for heifers, and culling rates are light. Feed will not be a concern for most producers this winter. Plant operating schedules in the northern Mountain States region are getting back to pre-holiday volumes. These levels, however, are well above last year at this time. Herd expansions are continuing with heifer demand very strong. Snow conditions are light with many areas reporting the pack at only 60% of the seasonal norm. If this trend continues there will be increasing concerns about the summer irrigation water supply.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/06/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a steady to weak market. Milk supplies have eased after the holiday flush, yet dryers continue to operate at full capacity. Producers are preparing product for the CCC to alleviate heavy NDM supplies with shipments noted late last week. Demand is very light and best into regular commitments. Offers are plentiful from Central and Western suppliers. High heat product is clearing well for the light interest. Production of human food, nonfat dry milk during November 1999 totaled 100.5 million pounds, up 36.0% from November 1998 yet 2.5% below October 1999. Month ending stocks, at 83.0 million pounds, are 89.9% above a year ago yet 1.1% less than October 1999.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0000 - 1.0250 MOSTLY: 1.0200 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a steady to weak market. Condensed supplies are becoming heavy and prices are lower. However, with limited dryer time due to heavy NDM production, dry buttermilk production is not improving in the Central region. Hence, some producers continue to trade at the higher end of the range. Inventories are mostly in balance for the light demand. West coast product is very competitive with some producers willing to ship LTL product into the Midwest. Product moving West to East is being delivered well below the Central range. Some buyers are resisting current prices and continue to work off of existing inventories until prices are in better line with the rest of the country. Dry buttermilk production during November 1999 totaled 4.0 million pounds, up 2.1% from November 1998 but 1.6% lower than October 1999. Month ending stocks, at 5.8 million pounds, are 71.7% above last year and 10.5% higher than last month.

BUTTERMILK: .7500 - .8500

DRY WHEY - CENTRAL

Prices are generally unchanged on a steady to sometimes weak market. Trading is light as the industry recovers from the holiday season. Inventories are in balance to instances long on heavy production schedules. Supplies of condensed are plentiful and often difficult to move. Offers are readily available at prices below the range. Movement is best into regular commitments and food accounts. Brand specific product still continues to gain premium prices. Off grade product is less available than in past weeks. Production of human food, dry whey during November 1999 totaled 91.8 million pounds, 7.5% more than November 1998 and 6.2% above October 1999. Month ending stocks, at 46.5 million pounds, are 42.8% above a year ago and 6.9% higher than October 1999.

NONHYGROSCOPIC: .1800 - .1950 MOSTLY: .1800 - .1850

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher on a mostly steady market. Less milk replacer product is available allowing some prices to firm. Producer inventories are generally in balance and trading is very light. Delactose and roller ground are clearing well on regular commitments. Production is generally steady with some increases on delactose over the holidays. Production of animal feed dry whey during November 1999 totaled 5.6 million pounds, 14.7% lower than a year ago and 7.0% less than October 1999. Month ending stocks, at 9.6 million pounds, are 112.5% above November 1998 and 3.0% higher than last month. Barrow, gilt, and veal prices are trading lower while early weaned pig movement is steady.

MILK REPLACER: .1500 - .1775
STANDARD: TFEWR
ROLLER GROUND: .1675 - .1900
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. First quarter contracts are generally complete. Most producers are tight on supplies and finding it difficult to satisfy additional spot interest, especially on export markets. Inquiries from Mexico and China continue with some noted movement. European producers remain competitive with domestic suppliers on export markets. Some concern was expressed as to whether higher prices will discourage lactose movement. Domestic demand is generally good with contracted commitments clearing product the best. Off grade product is difficult to find for the light to fair feed demand. Lactose production during November 1999 totaled 41.0 million pounds, up 3.5% from November 1998 and 5.2% above October 1999. Month ending stocks, at 18.8 million pounds, are 33.7% lower than a year ago and 8.9% less than last month. Production totals for selected regions with changes from 1998 include: East North Central, 9.8 million pounds, +18.7%; West North Central, 14.9 million pounds, +14.3%; West, 15.6 million pounds, -5.6%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1850 - .2500 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. Export movement is generally good as buyers take advantage of lower priced WPC over NDM. West coast inventories are somewhat heavy while Midwest suppliers are in good balance to over sold. Condensed supplies are heavy even with good movement into feed facilities. High protein imports are declining from the Oceania region leaving many buyers wondering why. Inquiries are increasing from some veal buyers. Domestic movement is generally light to fair and best on regular commitments. Off grade product is plentiful and available below the bottom of the range. Production of human food WPC during November totaled 29.2 million pounds, up 43.0% from November 1998 and 5.9% higher than last month. Manufacturers' end-of-month stocks totaled 18.9 million pounds, 40.8% higher than a year ago and 7.9% above October 1999.

EXTRA GRADE 34% PROTEIN: .4050 - .4700 MOSTLY: .4250 - .4450

NONFAT DRY MILK - WEST

Low/medium heat prices are mixed, but generally trending slightly lower. The market tone remains weak. Pricing levels have settled around the support price of \$1.01. Powder production was higher over the year-end holidays and into this week to process surplus milk supplies. Some condensed skim was shipped outside of normal channels for processing and some was reported to be dumped. Several producers now are bagging NDM for offering to the CCC under the support program. Domestic demand is flat. Price volatility is expected to be minor in the near term and purchases are reflecting this sentiment. High heat prices are lower in limited trading. Production remains light, often only to the extent to fill contract orders. During the period of December 23 - 31, CCC net purchases totaled 14.2 million pounds of nonfortified NDM from Western, Eastern, and Midwestern sources. U.S. NDM production in November totaled 100.5 million pounds, up 36.0% from last year but 2.5% less than last month. Cumulative output through eleven months of 1999 totals 1.25 billion pounds, up 21.8% from 1998. Stocks at the end of November were reported at 83.0 million pounds, up 89.9% from last year but 1.1% lower than last month. October production in California totaled 54.6 million pounds, up 38.4% from last year, and Washington output totaled 10.9 million pounds, up 12.1% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0200 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Prices are lower for both the range and mostly. The market tone is weaker, reflecting increasing offerings and light demand. Production levels are higher with limitations placed on dryer time continuing to affect schedules. Churning action remains high to process cream in the region, a result of holiday backups and seasonally higher fat levels in incoming milk. U.S. buttermilk powder production in November totaled 4.0 million pounds, up 2.1% from last year but 1.6% lower than October. Stocks at the end of the month were reported at 5.8 million pounds, up 71.7% from a year earlier and 10.5% above October.

BUTTERMILK: .6400 - .7300 MOSTLY: .6700 - .7000

DRY WHEY - WEST

Western whey prices range from steady to lower. Some manufacturers are discounting offerings to keep powder moving. Others are content with current sales levels and are holding prices steady. Production of powder was heavier than anticipated over the year end holidays. Export sales are steady. U.S. whey production in November totals 91.8 million pounds, up 7.5% from last year. Comparing November output for selected Western states to last year is as follows: California down 6.4%, Utah up 23.9%, and Washington up 55.2%.

NONHYGROSCOPIC: .1700 - .2200 MOSTLY: .1925 - .2000

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
December 31	\$1.0090	10,758,578
December 24	\$1.0091	10,579,636

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are generally unchanged, but most current spot sales are taking place in the lower portion of the ranges. The market tone is steady. Drying activity is heavy, but lighter than during the holidays. Most butter/powder plants were caught up with the holiday glut of milk by midweek. Producer stocks are fully adequate to ample for current needs. Some stock accumulation is occurring, but that was to be expected during the holidays. Demand is fair to good as buyers look for bargains. Last week, there was a small offering of Eastern NDM to CCC for the purposes of packaging approval. Production of human food, NDM during November 1999 totaled 100.5 million pounds, up 36.0% from November 1998 but 2.5% below October 1999. Month ending stocks, at 83.0 million pounds, are 89.9% above a year ago but 1.1% less than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0000 - 1.0500 MOSTLY: 1.0100 - 1.0200
HIGH HEAT: 1.0400 - 1.1000 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is steady to weak. Offerings are fairly well balanced locally. However, Western powder is readily available and able to be delivered below current f.o.b. prices. Production levels are higher as churning activity has been very heavy during the holidays. Demand is steady. Dry buttermilk production during November 1999 totaled 4.0 million pounds, up 2.1% from November 1998 but 1.6% less than October 1999. Month ending stocks, at 5.8 million pounds, are 71.7% more than a year ago and 10.5% above last month.

F.O.B. NORTHEAST: .7700 - .8000
DELVD SOUTHEAST: .8000 - .8200

DRY WHOLE MILK - NATIONAL

Prices are mixed, mostly lower as milk prices have moved down. However, we now under the new milk pricing method (multiple component) which, in some cases, caused January dry whole milk prices to move higher. Production levels are lighter as most operations were drying skim to speed up plant efficiencies. Spot demand is slow to fair and plant stocks are closely balanced with needs. Dry whole milk production during November 1999 totaled 10.2 million pounds, down 5.5% from October 1998 but 2.8% above October 1999. Month ending stocks, at 5.8 million pounds, are 5.2% below a year ago but 5.6% more than last month.

F.O.B. PRODUCING PLANT: 1.1000 - 1.2000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH DECEMBER 30, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	73,865	MT (162,842,779 LBS)
CHANGE	--	1,318	MT (2,905,663 LBS)
WHOLE MILK POWDER	--	4,463	MT (9,839,130 LBS)
CHEESE	--	1,249	MT (2,753,545 LBS)
CHANGE	--	80	MT (176,368 LBS)
BUTTERFAT	--	2,936	MT (6,472,706 LBS)
CHANGE	--	105	MT (231,483 LBS)

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT. These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and the market tone is steady. With regard to market activity, contacts report a generally quiet week. It appears that those buyers who took extra loads before the end of the year are using that product before reordering. In scattered instances, producers report decent interest and speculate that that interest comes from buyers who ran their inventories down at the end of the year. Production levels are quite heavy as surplus milk volumes are still readily available to cheese operations. Producer stocks range from nearly sold out to slightly heavier than desired. Buyers report little or no difficulty finding dry whey on a spot basis. Grade A whey is currently in the tightest position. Production of human food, dry whey during November 1999 totaled 91.8 million pounds, 7.5% more than November 1998 and 6.2% above October 1999. Month ending stocks, at 46.5 million pounds, are 42.8% above a year ago and 6.9% more than a month ago.

F.O.B. NORTHEAST:	EXTRA GRADE	.1825 - .1875
	USPH GRADE A	.1925 - .2050
DELVD SOUTHEAST:		.1950 - .2225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is weak. Animal feed quality, dry whey stocks are heavy and demand is seldom better than slow. Production of animal feed, dry whey during November 1999 totaled 5.6 million pounds, 14.7% less than a year ago and 7.0% less than October 1999.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices are mostly unchanged. Market activity is seasonally slow as retailers work off pre-holiday stocks before placing new orders. With milk prices very low, producers are replenishing depleted inventories as best they can. Canned evaporated milk production during November 1999 totaled 42.6 million pounds, 10.1% less than November 1998 and 2.8% less than October 1999. Month ending stocks, at 40.8 million pounds, are 7.0% more than a year ago and 1.9% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$24.68 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.	

CASEIN - NATIONAL

Casein markets remain firm, although prices are unchanged. Stocks of both rennet and acid are lighter than sourcing countries desire for this time of the year. For the most part, supplies are sufficient for contractual commitments, but very limited for spot needs. Suppliers indicate that the supply situation will probably not improve too much out of the Oceania region, but should improve from Europe once seasonal milk production resumes this spring.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8000 - 1.9500
ACID:	1.8500 - 2.0500

COFFEE, SUGAR & COCOA EXCHANGE (A subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	12/22	12/23	12/24	12/27	12/28	12/29	12/30	12/31	01/03	01/04
CSCE/NYBT - BFP -- Dollars per cwt.										
DEC 99	9.63 (136) 0	9.63 (136) 0	NO TRADING	9.70 (136) 0	9.73 (136) 0	9.73 (136) 0	9.73 (136) 0	NO TRADING	9.73 (137) 1	9.73 (137) 0
JAN 00	10.50 (67) 1	10.40 (67) 0		10.40 (69) 2	10.40 (69) 0	10.35 (71) 2	10.30 (69) 0		10.28 (69) 0	10.28 (70) 1
FEB 00	10.65 (45) 0	10.60 (45) 0		10.65 (45) 0	10.60 (45) 0	10.60 (45) 0	10.60 (45) 0		10.60 (46) 1	10.53 (50) 3
MAR 00	10.70 (35) 0	10.78 (36) 1		10.78 (36) 0	10.78 (36) 0	10.70 (36) 0	10.70 (36) 0		10.65 (37) 1	10.60 (40) 6
APR 00	11.15 (34) 1	11.15 (35) 1		11.10 (36) 1	11.00 (36) 0	10.90 (36) 0	10.90 (36) 0		10.80 (37) 1	10.80 (40) 9
MAY 00	11.25 (28) 0	11.25 (28) 0		11.25 (28) 0	11.25 (28) 0	11.25 (28) 0	11.25 (28) 0		11.25 (29) 1	11.10 (31) 2
JUN 00	11.75 (23) 0	11.75 (23) 0		11.70 (24) 1	11.70 (25) 1	11.70 (26) 1	11.70 (26) 0		11.68 (27) 1	11.65 (30) 3
JUL 00	12.60 (22) 1	12.60 (22) 0		12.60 (23) 1	12.55 (23) 0	12.55 (23) 0	12.55 (24) 1		12.55 (25) 1	12.55 (27) 2
AUG 00	12.85 (14) 0	12.85 (14) 0		12.85 (14) 0	12.85 (14) 0	12.85 (14) 0	12.85 (15) 1		12.85 (15) 0	12.83 (16) 1
SEP 00	12.95 (17) 2	12.95 (17) 0		12.95 (18) 1	12.95 (18) 0	12.95 (18) 0	12.93 (19) 1		12.93 (19) 0	12.90 (22) 3
OCT 00	12.95 (5) 0	12.90 (5) 0		12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (6) 1		12.90 (7) 1	12.85 (8) 1
NOV 00	12.80 (1) 0	12.80 (1) 0		12.80 (1) 0	12.75 (1) 0	12.75 (1) 0	12.70 (2) 1		12.70 (2) 0	12.70 (2) 0

CME - BUTTER -- Cents per pound

FEB 00	100.00 (116) 10	100.225 (128) 30	NO TRADING	100.00 (135) 10	99.90 (135) 0	99.90 (135) 0	99.90 (135) 0	NO TRADING	99.00 (140) 6	99.00 (138) 18
MAR 00	102.975 (114) 6	101.50 (129) 15		101.525 (129) 2	101.00 (132) 5	100.50 (134) 2	101.00 (134) 0		100.50 (139) 6	100.00 (145) 12
MAY 00	106.50 (81) 2	106.50 (81) 0		106.50 (81) 0	104.50 (85) 5	104.00 (86) 1	104.00 (86) 0		104.00 (86) 0	104.00 (89) 7
JUL 00	109.75 (135) 6	110.00 (148) 17		109.975 (150) 2	109.00 (155) 9	109.00 (157) 4	109.00 (157) 0		109.00 (167) 10	108.00 (180) 9
SEP 00	113.525 (136) 7	113.25 (145) 15		113.025 (150) 6	112.50 (152) 6	112.40 (154) 3	112.40 (154) 0		112.50 (160) 6	111.50 (177) 21
OCT 00	115.00 (20) 1	115.00 (31) 13		114.50 (35) 8	114.00 (37) 3	114.00 (37) 1	114.00 (40) 0		114.00 (49) 9	112.525 (62) 19

CME - BFP -- Dollars per cwt.

DEC 99	9.67 (1000) 4	9.66 (996) 7	NO TRADING	9.68 (991) 5	9.71 (986) 8	9.70 (986) 2	9.90 (986) 2	NO TRADING	9.67 (986) 0	9.67
JAN 00	10.40 (774) 7	10.41 (774) 10		10.40 (774) 14	10.35 (759) 25	10.30 (760) 1	10.26 (776) 0		10.26 (782) 13	10.27 (788) 8
FEB 00	10.55 (603) 8	10.50 (615) 20		10.51 (619) 11	10.51 (635) 17	10.50 (637) 2	10.45 (652) 0		10.50 (659) 7	10.50 (667) 13
MAR 00	10.65 (585) 5	10.66 (585) 2		10.70 (589) 7	10.60 (592) 6	10.57 (592) 1	10.50 (605) 0		10.57 (605) 1	10.62 (606) 3
APR 00	11.10 (446) 2	11.10 (448) 2		11.10 (448) 0	11.05 (449) 2	10.86 (450) 1	10.75 (461) 0		10.91 (465) 7	10.91 (468) 6
MAY 00	11.29 (393) 3	11.29 (394) 1		11.27 (394) 0	11.20 (405) 21	11.20 (405) 0	11.10 (408) 0		11.08 (412) 10	11.10 (412) 2
JUN 00	11.80 (324) 25	11.75 (324) 1		11.75 (324) 0	11.67 (338) 14	11.65 (337) 8	11.65 (340) 0		11.70 (341) 8	11.70 (356) 19
JUL 00	12.53 (312) 26	12.55 (353) 44		12.53 (353) 1	12.51 (360) 7	12.50 (366) 12	12.50 (370) 0		12.55 (380) 12	12.55 (395) 21
AUG 00	12.83 (279) 13	12.83 (279) 0		12.81 (281) 3	12.80 (289) 13	12.80 (315) 36	12.80 (327) 0		12.82 (329) 4	12.82 (333) 12
SEP 00	13.07 (251) 18	13.02 (263) 13		13.00 (263) 5	12.96 (268) 5	12.96 (268) 0	12.96 (270) 0		12.95 (293) 28	12.96 (318) 30
OCT 00	12.93 (175) 13	12.91 (176) 1		12.90 (177) 1	12.92 (182) 10	12.92 (182) 0	12.92 (185) 0		12.95 (192) 17	12.94 (209) 17
NOV 00	12.79 (75) 12	12.80 (76) 1		12.79 (76) 1	12.76 (79) 3	12.76 (80) 1	12.76 (91) 0		12.75 (95) 12	12.75 (111) 6

CME - CHEDDAR CHEESE -- Cents per pound

DEC 99	118.00 (0) 0	117.00 (0) 0	NO TRADING	117.00 (0) 0	117.00 (0) 0	117.00(0) 0	117.00 (0) 0	NO TRADING	117.00 (0) 0	117.00 (0) 0
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1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered December 27, 1999 - January 7, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production in Western Europe is seasonally low. Stocks of most manufactured dairy products are limited, thus when possible, milk is being directed toward cheese output at this time. Except for butter, most European dairy product prices are higher. A weak U.S. dollar is one factor being attributed to firmer prices. International buying interest is occurring. Producers and traders report that smaller lot sales and deliveries are being booked for first quarter. Limited product availability is pushing many order commitments into the second quarter of 2000 when the new milk production season resumes. Most traders are very optimistic about upcoming sales, especially once the new milk production season begins and European dairy products once again become available. Skim milk powder continues to come from intervention stocks and directed toward the calf feed market. The recent high winds in Western Europe, causing considerable damage, had little impact on the dairy industry. Outside of minimal power outages and downed trees delaying farm pickup, processing and distribution of dairy products realized no disruption.

BUTTER/BUTTEROIL: European butter markets are steady to weak with prices generally lower. Overall butter demand has slowed. Butter continues to clear to Russia, but not at levels anywhere close to past years. Butter stocks are sufficient for current buyer interest. For the most part, current butter sales are occurring for nearby or domestic needs. The PSA storage program will close by the end of the month and will reopen in mid March.

82% BUTTERFAT:	1,350 - 1,575
99% BUTTERFAT:	1,550 - 1,800

SKIM MILK POWDER (SMP): European skim milk powder markets are steady to firm. The recent subsidy adjustment and a weak U.S. dollar are contributing factors in firmer skim prices. Stocks of available skim powder are light. For the most part, international sales activity is light, not due to higher prices, but to limited supplies. There is some sales activity occurring but not large lot volumes. Buyer inquiries are being acknowledged with the understanding that delivery will occur in the second calendar quarter of the year.

1.25% BUTTERFAT:	1,450 - 1,500
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WHOLE MILK POWDER (WMP): European whole milk powder markets are steady to firm. Prices are slightly higher following the recent subsidy adjustment and a weak U.S. dollar. Stocks of European whole milk powder are quite limited, thus significant new buyer interest is light. Traders report that smaller lot orders are being placed and acknowledged, although more sales activity is expected to occur during the second quarter of the year.

26% BUTTERFAT:	1,550 - 1,700
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SWEET WHEY POWDER: Whey powder markets are steady to firm with prices unchanged to higher. Buying interest is limited as European whey prices are higher than buyers are willing to pay. Whey stocks are readily available as cheese production remains strong.

NONHYGROSCOPIC:	550 - 600
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OVERVIEW: EASTERN EUROPE: Eastern European milk production is steady at seasonally low levels. Overall lower milk production, in comparison to last production season, limited seasonal production of manufactured dairy products, thus Eastern European stocks are also lighter than desired. For the most part, current stocks are in close balance to maintain ongoing domestic buyer interest with minimal amounts available for international buyer needs. Deliveries of previously placed orders are occurring, but generally, new buyer interest is being acknowledged for second quarter 2000 deliveries. In instances, some Eastern European traders are having difficulty in filling all of their first quarter commitments, thus they are looking to supplemental sources for additional stocks. Many are having difficulty in finding additional sources with product available.

OCEANIA

OVERVIEW: Milk production in Australia and New Zealand continues to decline seasonally. Mixed weather conditions in both countries during the past month have caused production trends to be both positive and negative. Warmer than usual temperatures caused milk output to decline more rapidly, but then more seasonal temperatures helped slow the milk decline and, in some instances, recover somewhat. Reports indicate that milk output continues to run well ahead of last year, although the strong beginning of the production season is moderating. Year on year production percentage changes have output in New Zealand to be slightly under 10% higher with Australia output in the 5 - 6% higher range. Stocks of manufactured dairy products range from in good balance to lighter than desired. Stocks are reported to be fully sufficient for ongoing regular customer needs with additional volumes for spot buyer interest somewhat questionable. Oceania traders report that the last half of 1999 realized good dairy export sales and most traders anticipate this trend to continue into the new year. The overall tone to Oceania markets is steady to firm with prices unchanged to higher. Some traders are questioning the firmness in prices, but are also finding a firm trend occurring in Europe. Ongoing sales to regular customers is clearing steady volumes of manufactured dairy products. New international buying interest is slow, but shipments of previously placed orders are occurring.

BUTTER: Butter markets are generally steady at unchanged prices. Stocks of Oceania butter are in balance for current needs with additional volumes closely held. Buying interest continues to center around regular/ongoing customer needs. Some additional buyer interest is occurring, but they are not too significant at this time.

82% BUTTERFAT:	1,200 - 1,250
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CHEDDAR CHEESE: The Oceania cheese market is generally steady, although the price range is slightly higher. Cheese demand continues to center around regular/ongoing customers. Oceania traders anticipate ongoing buyer interest to remain steady and hopefully additional buyer interest will develop. Cheddar cheese stocks are reported to be in good balance for current and potential buyer interest.

39% MAXIMUM MOISTURE:	1,700 - 1,750
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SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm. Although milk production has been strong in the Oceania region, manufactured dairy product stocks are in close balance. Skim milk powder supplies are sufficient to maintain ongoing/regular sales, although additional volumes may be available. Although stocks are lighter than many would desire for this time of the season, most Oceania traders are comfortable with inventories in relationship to sales and sales potential.

1.25% BUTTERFAT:	1,400 - 1,475
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm with prices unchanged to higher. Traders are questioning the firmness in prices and if manufacturers are pushing the price versus market conditions, although traders are realizing firmer European prices. Stocks of whole milk powder are in close balance for current needs with reports indicating stocks to be lighter than desired for this time of the season.

26% BUTTERFAT:	1,475 - 1,525
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Exchange rates for selected foreign currencies: January 03, 2000

.4659 Dutch Guilder	.5250 German Mark
.1565 French Franc	.5255 New Zealand Dollar
.1063 Mexican Peso	.6582 Australian Dollar
1.6371 British Pound	.0098 Japanese Yen
.2418 Polish Zloty	1.0268 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1063) = 9.4073$. That is 1 US Dollar equals 9.4073 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 48	REPORT NUMBER 49	REPORT NUMBER 50	REPORT NUMBER 51	REPORT NUMBER 52	1999	1998
	DEC 01 - 03	DEC 06 - 10	DEC 13 - 17	DEC 20 - 24	DEC 27 - 31	Average	Average
	or Total	or Total	or Total	or Total	or Total	or Total	or Total

BUTTER

WHOLESALE SELLING DIFFERENTIALS, F.O.B. - BULK - TRUCKLOAD QUANTITIES

Due to a lack of consensus on the part of producers and buyers about the basing point for bulk butter sales, (previous Friday's close, previous week's average, date of sale, date of shipment, etc), Dairy Market News is temporarily suspending the reporting of premiums or discounts.

CHEESE

MIDWEST COMMODITY CHEDDAR

-- Cheddar Barrel s	:: 1.0975 - 1.1200	:: 1.1075 - 1.1300	:: 1.1325 - 1.2100	:: 1.1500 - 1.1925	:: 1.1400 - 1.1725	:: 1.1484	:: 1.8530
-- Cheddar 40# Blocks	:: 1.1200 - 1.1550	:: 1.1200 - 1.1550	:: 1.1475 - 1.2200	:: 1.1200 - 1.2100	:: 1.1300 - 1.1750	:: 1.1568	:: 1.9245

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.2775 - 1.7300	:: 1.2875 - 1.7300	:: 1.3125 - 1.6800	:: 1.3575 - 1.6400	:: 1.3300 - 1.6400	:: 1.4980	:: 2.1053
-- Brick And/Or Muenster 5#	:: 1.6300 - 1.6800	:: 1.6300 - 1.6800	:: 1.5600 - 1.7075	:: 1.5200 - 1.7425	:: 1.5200 - 1.7050	:: 1.6360	:: 2.2626
-- Cheddar 40# Block	:: 1.4800 - 2.1150	:: 1.4800 - 2.1150	:: 1.5075 - 2.1150	:: 1.5200 - 2.1150	:: 1.5050 - 2.1150	:: 1.8076	:: 2.1486
-- Monterey Jack 10#	:: 1.6650 - 2.1150	:: 1.6650 - 2.1150	:: 1.6925 - 2.1150	:: 1.7000 - 2.1150	:: 1.6900 - 2.1150	:: 1.8995	:: 2.2355
-- Blue 5#	:: 1.8150 - 2.2100	:: 1.8150 - 2.2100	:: 1.8425 - 2.2100	:: 1.8775 - 2.1700	:: 1.8400 - 2.1700	:: 2.0163	:: 2.6052
-- Mozzarella 5 - 6#	:: 1.5500 - 2.2150	:: 1.5500 - 2.2150	:: 1.5775 - 2.2150	:: 1.5900 - 2.2150	:: 1.5750 - 2.2150	:: 1.8926	:: 2.2314
-- Grade A Swiss Cuts 6 - 9#	:: 2.5500 - 2.6850	:: 2.5500 - 2.6850	:: 2.3500 - 2.6850	:: 2.3500 - 2.6850	:: 2.3500 - 2.6850	:: 2.5523	:: 2.5875

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 10# Prints	:: 1.1350 - 1.6250	:: 1.1350 - 1.6250	:: 1.1625 - 1.6525	:: 1.1975 - 1.6875	:: 1.1600 - 1.6500	:: 1.4050	:: 2.1338
-- Cheddar Single Dai sies	:: 1.1150 - 1.5750	:: 1.1150 - 1.5750	:: 1.1425 - 1.6025	:: 1.1775 - 1.6375	:: 1.1400 - 1.6000	:: 1.3700	:: 2.1200
-- Cheddar 40# Block	:: 1.2600 - 1.4375	:: 1.2600 - 1.4375	:: 1.2875 - 1.4650	:: 1.3225 - 1.5000	:: 1.2850 - 1.4625	:: 1.3738	:: 2.1038
-- Process 5# Loaf	:: 1.3100 - 1.4600	:: 1.3200 - 1.4700	:: 1.3450 - 1.4950	:: 1.3900 - 1.5400	:: 1.3600 - 1.5125	:: 1.4233	:: 2.1067
-- Process 5# Sliced	:: 1.3300 - 1.5625	:: 1.3400 - 1.5725	:: 1.3650 - 1.5975	:: 1.4100 - 1.6450	:: 1.3800 - 1.6175	:: 1.4851	:: 2.1505
-- Muenster	:: 1.3175 - 1.6200	:: 1.3175 - 1.6200	:: 1.3450 - 1.6475	:: 1.3800 - 1.6825	:: 1.3425 - 1.6450	:: 1.4938	:: 2.2275
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	:: 2.4500

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.2525 - 1.5125	:: 1.2625 - 1.5225	:: 1.2875 - 1.5475	:: 1.3325 - 1.5925	:: 1.3050 - 1.5650	:: 1.4211	:: 2.1168
-- Cheddar 40# Block	:: 1.2425 - 1.3825	:: 1.2425 - 1.3825	:: 1.2675 - 1.4075	:: 1.3025 - 1.4425	:: 1.2650 - 1.4050	:: 1.3359	:: 2.0742
-- Cheddar 10# Cuts	:: 1.4225 - 1.6425	:: 1.4225 - 1.6425	:: 1.4475 - 1.6675	:: 1.4825 - 1.7025	:: 1.4450 - 1.6650	:: 1.5559	:: 2.2992
-- Monterey Jack 10#	:: 1.4325 - 1.6025	:: 1.4325 - 1.6025	:: 1.4575 - 1.6275	:: 1.4925 - 1.6625	:: 1.4550 - 1.6250	:: 1.5409	:: 2.2905
-- Grade A Swiss Cuts 6 - 9#	:: 2.3100 - 2.4500	:: 2.2700 - 2.4500	:: 2.2700 - 2.4500	:: 2.2700 - 2.4500	:: 2.2700 - 2.4200	:: 2.3593	:: 2.4800

FLUID AND DRY PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 1.2928 - 1.4140	:: 1.1786 - 1.2615	:: 1.1606 - 1.2694	:: 1.1313 - 1.2670	:: 1.0085 - 1.1156	:: 1.1975	:: 1.7009
-- Atlanta - divd. equiv.	:: 1.2827 - 1.4140	:: 1.1694 - 1.2615	:: 1.1606 - 1.2694	:: 1.1222 - 1.2489	:: 1.0264 - 1.1425	:: 1.1977	:: 1.7863
-- Upper Midwest - f.o.b	:: 1.2726 - 1.3433	:: 1.1602 - 1.2431	:: 1.1606 - 1.2512	:: 1.1313 - 1.2218	:: 1.0175 - 1.1870	:: 1.1894	:: 1.7290

PRICES OF CLASS II CONDENSED SKIM (\$ per lb. wet solids)

-- Northeast - f.o.b	:: 1.0800 - 1.6000	:: 1.0800 - 1.3400	:: 1.0500 - 1.2500	:: 1.0500 - 1.2500	:: 0.9900 - 1.2000	:: 1.1759	:: 1.3357
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SPOT PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)

-- Northeast - f.o.b	:: 0.9000 - 1.1000	:: 0.9000 - 1.0000	:: 0.9000 - 0.9500	:: 0.9000 - 0.9500	:: 0.8400 - 0.9500	:: 0.9337	:: TFEWR
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WISCONSIN FLUID MILK SHIPMENTS

-- Loads Shipped from Wisconsin Shipping Points	:: 0	:: 14	:: 14	:: 12	:: 8	:: 48	:: 37
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NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)

-- Delivered Major U.S. Cities	:: 24.6800 -33.0000	:: 24.6800 -33.0000	:: 24.6800 -33.0000	:: 24.6800 -33.0000	:: 24.6800 -33.0000	:: 28.8400	:: 28.3100
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MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 48	REPORT NUMBER 49	REPORT NUMBER 50	REPORT NUMBER 51	REPORT NUMBER 52	1999	1998
	DEC 01 - 03	DEC 06 - 10	DEC 13 - 17	DEC 20 - 24	DEC 27 - 31	Average	Average
	or Total	or Total	or Total	or Total	or Total	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	:: 1.0100 - 1.0400	:: 1.0000 - 1.0400	:: 1.0000 - 1.0300	:: 1.0000 - 1.0300	:: 1.0000 - 1.0250	1.0168	1.1490
-- Mostly	:: 1.0200 - 1.0400	:: 1.0200 - 1.0400	:: 1.0200 - 1.0300	:: 1.0200 - 1.0300	:: 1.0200 - 1.0250	1.0262	1.1365
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9900 - 1.0200	:: 0.9800 - 1.0200	:: 0.9800 - 1.0300	:: 0.9800 - 1.0300	:: 0.9800 - 1.0300	1.0039	1.1009
-- Mostly	:: 1.0000 - 1.0150	:: 1.0000 - 1.0150	:: 1.0000 - 1.0150	:: 1.0000 - 1.0150	:: 1.0000 - 1.0150	1.0075	1.1159
-- High Heat	:: 1.0200 - 1.0450	:: 1.0200 - 1.0450	:: 1.0200 - 1.0450	:: 1.0200 - 1.0450	:: 1.0200 - 1.0450	1.0325	1.1569
-- Northeast (f.o.b.)							
-- Low/Medium Heat	:: 1.0100 - 1.0500	:: 1.0100 - 1.0500	:: 1.0100 - 1.0500	:: 1.0100 - 1.0500	:: 1.0000 - 1.0500	1.0289	1.1626
-- Mostly	:: 1.0150 - 1.0300	:: 1.0150 - 1.0300	:: 1.0100 - 1.0300	:: 1.0100 - 1.0300	:: 1.0100 - 1.0300	1.0209	N.A.
-- High Heat	:: 1.0450 - 1.1100	:: 1.0450 - 1.1100	:: 1.0450 - 1.1100	:: 1.0450 - 1.1100	:: 1.0400 - 1.1000	1.0759	1.1782
-- Mostly	:: 1.0700 - 1.0850	:: 1.0700 - 1.0850	:: 1.0700 - 1.0850	:: 1.0700 - 1.0850	:: 1.0500 - 1.0700	1.0737	1.1623
-- Southeast (Del vd)							
-- Extra & Grade A	:: 1.0450 - 1.1300	:: 1.0450 - 1.1300	:: 1.0400 - 1.1300	:: 1.0400 - 1.1300	:: 1.0400 - 1.1200	1.0848	1.1752
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.1725 - 0.2000	:: 0.1775 - 0.1900	:: 0.1800 - 0.1950	:: 0.1800 - 0.1950	:: 0.1800 - 0.1950	0.1865	0.2452
-- Mostly	:: 0.1750 - 0.1850	:: 0.1775 - 0.1850	:: 0.1800 - 0.1850	:: 0.1800 - 0.1850	:: 0.1800 - 0.1850	0.1819	0.2442
-- West (f.o.b.)	:: 0.2000 - 0.2225	:: 0.1900 - 0.2225	:: 0.1750 - 0.2225	:: 0.1700 - 0.2200	:: 0.1700 - 0.2200	0.2004	0.2486
-- Mostly	:: 0.2000 - 0.2050	:: 0.2000 - 0.2050	:: 0.1950 - 0.2050	:: 0.1925 - 0.2025	:: 0.1925 - 0.2025	0.1998	0.2391
-- Northeast Extra Grade (f.o.b.)	:: 0.1800 - 0.1900	:: 0.1800 - 0.1900	:: 0.1825 - 0.1900	:: 0.1825 - 0.1900	:: 0.1825 - 0.1875	0.1855	0.2470
-- Northeast Usph Grade A (f.o.b.)	:: 0.1900 - 0.2075	:: 0.1900 - 0.2075	:: 0.1900 - 0.2100	:: 0.1925 - 0.2050	:: 0.1925 - 0.2050	0.1990	0.2551
-- Southeast Extra Grade (Del vd)	:: 0.1925 - 0.2200	:: 0.1925 - 0.2200	:: 0.1950 - 0.2225	:: 0.1950 - 0.2225	:: 0.1950 - 0.2225	0.2079	0.2713
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.4050 - 0.4650	:: 0.4050 - 0.4650	:: 0.4050 - 0.4650	:: 0.4050 - 0.4650	:: 0.4050 - 0.4700	0.4355	0.5613
-- Mostly	:: 0.4250 - 0.4450	:: 0.4250 - 0.4450	:: 0.4250 - 0.4450	:: 0.4250 - 0.4450	:: 0.4250 - 0.4450	0.4350	0.5724
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1300 - 0.1700	:: 0.1300 - 0.1700	:: 0.1300 - 0.1700	:: 0.1300 - 0.1700	:: 0.1300 - 0.1700	0.1500	0.1950
-- Standard	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	TFEWR	0.1670
-- Roller Ground	:: 0.1675 - 0.1900	:: 0.1675 - 0.1900	:: 0.1675 - 0.1900	:: 0.1675 - 0.1900	:: 0.1675 - 0.1900	0.1788	0.2563
-- Dextrose	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	0.2875	0.3425
-- Northeast (f.o.b.)							
-- Milk Replacer	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	TFEWR	TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.7700 - 0.8500	:: 0.7700 - 0.8500	:: 0.7700 - 0.8500	:: 0.7700 - 0.8500	:: 0.7700 - 0.8500	0.8100	0.9377
-- West (f.o.b.)	:: 0.7000 - 0.8000	:: 0.6700 - 0.8000	:: 0.6500 - 0.8000	:: 0.6500 - 0.8000	:: 0.6500 - 0.8000	0.7304	0.9182
-- Mostly	:: 0.7100 - 0.7300	:: 0.7000 - 0.7200	:: 0.6700 - 0.7100	:: 0.6700 - 0.7100	:: 0.6700 - 0.7100	0.6983	0.9105
-- Northeast (f.o.b.)	:: 0.8000 - 0.8500	:: 0.8000 - 0.8500	:: 0.7800 - 0.8250	:: 0.7800 - 0.8250	:: 0.7800 - 0.8000	0.8076	0.9600
-- Southeast (Del vd)	:: 0.8200 - 0.8500	:: 0.8200 - 0.8500	:: 0.8100 - 0.8400	:: 0.8100 - 0.8400	:: 0.8100 - 0.8300	0.8274	0.9808
WHOLE MILK POWDER							
-- National							
-- National (f.o.b.)	:: 1.2200 - 1.3525	:: 1.0800 - 1.2700	:: 1.0800 - 1.2500	:: 1.0800 - 1.2500	:: 1.0800 - 1.2500	1.1830	1.6758
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1700 - 0.2450	:: 0.1700 - 0.2450	:: 0.1700 - 0.2450	:: 0.1700 - 0.2450	:: 0.1700 - 0.2450	0.2075	0.1831
-- Mostly	:: 0.1900 - 0.2000	:: 0.1900 - 0.2000	:: 0.1900 - 0.2000	:: 0.1900 - 0.2000	:: 0.1900 - 0.2000	0.1950	0.1706
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 1.8000 - 1.9000	:: 1.8000 - 1.9000	:: 1.8000 - 1.9000	:: 1.8000 - 1.9500	:: 1.8000 - 1.9500	1.8609	2.0250
-- Nonrestricted - Acid	:: 1.8500 - 2.0000	:: 1.8500 - 2.0000	:: 1.8500 - 2.0000	:: 1.8500 - 2.0500	:: 1.8500 - 2.0500	1.9359	1.9750

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHI CAGO MERCANTILE EXCHANGE AVERAGES FOR DECEMBER 1999

COMMODITY	REPORT NUMBER 48	REPORT NUMBER 49	REPORT NUMBER 50	REPORT NUMBER 51	REPORT NUMBER 52	1999 *	1998 *
	DEC 1 - 3	DEC 6 - 10	DEC 13 - 17	DEC 20 - 23	DEC 27 - 30	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		0.9050	0.9050	0.9000	0.8750		
--Tuesday							
--Wednesday	0.9100	0.9075	0.9050	0.8850	0.8750		
--Thursday							
--Friday	0.9050	0.9075	0.9050	#	#		
--Weekly Average**	0.9208	0.9067	0.9050	0.8925	0.8750	##	
CHEESE*							
-- BARRELS							
--Monday		1.1075	1.1900	1.1500	1.1400		
--Tuesday		1.1075	1.2100	1.1500	1.1400		
--Wednesday	1.1075	1.1300	1.1900	1.1500	1.1600		
--Thursday	1.1075	1.1500	1.1500	1.1500	1.1850		
--Friday	1.1075	1.1650	1.1500	#	#	1.1475	1.8390
--Weekly Average**	1.1075	1.1320	1.1780	1.1500	1.1563		
-- 40# BLOCKS							
--Monday		1.1200	1.2100	1.1300	1.1300		
--Tuesday		1.1200	1.2200	1.1475	1.1600		
--Wednesday	1.1200	1.1500	1.1800	1.1475	1.1800		
--Thursday	1.1200	1.1600	1.1475	1.1500	1.2000		
--Friday	1.1200	1.1850	1.1475	#	#	1.1545	1.8971
--Weekly Average**	1.1200	1.1470	1.1810	1.1438	1.1675		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		1.0300	1.0300	1.0300	1.0300		
--Tuesday		1.0300	1.0300	1.0300	1.0300		
--Wednesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Thursday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Friday	1.0300	1.0300	1.0300	#	#	1.0300	1.1420
--Weekly Average**	1.0300	1.0300	1.0300	1.0300	1.0300		
-- GRADE A							
--Monday		1.0300	1.0300	1.0300	1.0300		
--Tuesday		1.0300	1.0300	1.0300	1.0300		
--Wednesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Thursday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Friday	1.0300	1.0300	1.0300	#	#	1.0300	1.1569
--Weekly Average**	1.0300	1.0300	1.0300	1.0300	1.0300		

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

CME closed.

No monthly average calculated to avoid confusion with the average used by Federal orders.

NOVEMBER 1999 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 90.4 million pounds in November, 0.8 percent below November 1998 and 2.9 percent below October 1999. **AMERICAN TYPE CHEESE** production totaled 288.3 million pounds, 6.5 percent above November 1998 but 2.6 percent below October 1999. **TOTAL CHEESE** output (excluding cottage cheese) was 689.7 million pounds, 8.3 percent above November 1998 and 2.4 percent above October 1999. **NONFAT DRY MILK** production, for human food, totaled 100.5 million pounds, 36.0 percent above November 1998 but 2.5 percent below October 1999. **DRY WHEY** production, for human food, was 91.8 million pounds, 7.5 percent above November 1998 and 6.2 percent above October 1999. **ICE CREAM** (hard) production totaled 59.5 million gallons, 15.6 percent above November 1998 but 5.0 percent below October 1999.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	NOV 1999	PERCENT CHANGE FROM:			PRODUCT	NOV 1999	PERCENT CHANGE FROM:		
	1,000 LBS.	NOV 1998	OCT 1999	YEAR TO DATE 1/		1,000 LBS.	NOV 1998	OCT 1999	YEAR TO DATE 1/
BUTTER	90,364	-0.8	-2.9	7.6	DRY BUTTERMILK	3,988	2.1	-1.6	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	127,824	10.3	-4.6	---
AMERICAN TYPES 2/	* 288,264	6.5	-2.6	8.4	CONDENSED WHEY, SOLIDS CONTENT 7/				
CHEDDAR	222,673	3.5	-4.3	7.9	SWEET-TYPE, HUMAN FOOD	8,896	106.5	54.6	---
SWISS	16,042	13.5	-6.7	---	SWEET-TYPE, ANIMAL FEED	1,041	-14.2	-0.6	---
BRICK & MUENSTER	7,916	-7.8	21.2	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	64,679	7.1	0.6	---	DRY WHEY, HUMAN FOOD	91,849	7.5	6.2	---
BLUE	4,500	26.1	-5.3	---	DRY WHEY, ANIMAL FEED	5,649	-14.7	-7.0	---
HISPANIC	7,054	7.7	-5.0	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	231,970	12.2	9.1	7.6	HUMAN FOOD	8,491	30.7	7.3	---
OTHER ITALIAN TYPES	58,480	4.9	7.0	-3.2	ANIMAL FEED	3,055	21.2	0.9	---
TOTAL ITALIAN TYPES	290,450	10.6	8.6	5.3	LACTOSE, HUMAN FOOD & ANIMAL FEED	41,042	3.5	5.2	---
ALL OTHER TYPES	10,757	4.8	3.4	---	WHEY PROTEIN CONCENTRATE				
TOTAL	689,662	8.3	2.4	6.2	HUMAN FOOD	29,173	43.0	5.9	---
COTTAGE CHEESE, CURD 3/	36,153	-0.2	-6.0	---	ANIMAL FEED	3,402	-2.8	-2.7	---
COTTAGE CHEESE, CREAM 4/	28,640	2.3	-1.7	-2.5					
COTTAGE CHEESE, LOWFAT 5/	27,190	-3.1	-7.0	-0.8	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAPORATED & CONDENSED					ICE CREAM (HARD)	59,491	15.6	-5.0	-1.7
WHOLE MILK	42,620	-10.1	-2.8	---	ICE CREAM, LOWFAT (HARD)	6,254	-7.0	-16.1	---
DRY WHOLE MILK	10,246	-5.5	2.8	---	ICE CREAM, LOWFAT (SOFT)	19,378	7.6	-5.0	---
NONFAT DRY MILK, HUMAN FOOD	6/ 100,464	36.0	-2.5	21.8	ICE CREAM, LOWFAT (TOTAL)	25,632	3.6	-8.0	-5.6
DRY SKIM MILK, ANIMAL FEED	434	60.7	5.9	---	SHERBET (HARD)	3,452	11.3	0.2	1.4
					YOGURT, TOTAL	4,798	-17.7	-14.8	-0.5

MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	NOV 1999	PERCENT OF:		PRODUCT	NOV 1999	PERCENT OF:	
	1,000 LBS.	NOV 1998	OCT 1999		1,000 LBS.	NOV 1998	OCT 1999
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	46,548	42.8	6.9	HUMAN FOOD	18,913	40.8	7.9
DRY WHEY, ANIMAL FEED	9,561	112.5	3.0	ANIMAL FEED	1,664	-36.8	12.4
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 9/	10,774	3.1	0.4	CANNED EVAPORATED & CONDENSED WHOLE MILK	40,804	7.0	1.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	18,809	-33.7	-8.9	DRY WHOLE MILK	5,756	-5.2	5.6
DRY BUTTERMILK, TOTAL	5,751	71.7	10.5	NONFAT DRY MILK FOR HUMAN FOOD	83,034	89.9	-1.1
				DRY SKIM MILK FOR ANIMAL FEED	987	-3.4	-5.4

1/ 1999 cumulative as percent change of 1998 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Mostly used for processing into creamed or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes combined Minnesota and Wisconsin production of 1,831,000 lbs. 7/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 128,850,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (12-99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**Federal Milk Order Reform Final Decision: Comparison of Class I Base Price and
Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover (Current) <u>1/</u>	Class I Base Price (Final) <u>1/</u>	Class II Price		Class III Price		Class III-A/IV Price	
			Current	Final	Current	Final	Current	Final
1999	Dollars per cwt.							
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53
June	11.81	11.16	12.11	13.84	11.42	11.04	13.29	13.14
July	11.26	13.04	11.56	13.50	13.59	12.92	12.37	12.79
August	11.42	12.88	11.72	13.46	15.79	15.61	12.62	12.77
September	13.59	15.26	13.89	13.29	16.26	15.60	12.37	12.67
October	15.79	16.54	16.09	12.50	11.49	12.48	11.78	11.83
November	16.26	12.90	16.56	12.26	9.79	10.57	11.57	11.54
December	11.49	11.59	11.79	11.64	9.63	9.91	10.69	10.87

1/ In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The Class I mover for January 1999 is the Basic Formula Price for November 1998. The Class I base price for January 1999 is the figure computed using December 1998 data.

Federal Milk Order Reform Final Decision: Producer Component Prices and Somatic Cell Adjustment

Year and Month	Butterfat	Protein	Other Solids	Somatic Cell Adjustment
	<u>Dollars per pound</u>			<u>Rate</u>
January	1.5871	3.2928	0.0792	.00086
February	1.4444	2.0006	0.0544	.00065
March	1.4487	2.0428	0.0565	.00065
April	1.1000	2.5104	0.0491	.00066
May	1.1757	2.1984	0.0381	.00062
June	1.6426	1.6992	0.0352	.00064
July	1.5430	2.4431	0.0366	.00073
August	1.5296	3.3421	0.0455	.00086
September	1.4771	3.3853	0.0539	.00085
October	1.2357	2.6138	0.0593	.00070
November	1.1582	2.0696	0.0565	.00060
December	0.9804	2.0615	0.0539	.00057

Federal Milk Order Reform Final Decision: Product Price Averages

The National Agricultural Statistics Service (NASS) began collecting, in September 1998, weekly prices and volume traded for butter, nonfat dry milk and dry whey. Monthly and two-week averages of these new price series, along with those already collected for cheese, will be used in the Federal milk order Final Decision pricing formulas. Listed below are these averages for the time period September 1998 to date. This table will be updated on a monthly basis as the data become available.

Year and Time Period	Product Price Averages ^{1/} For:									
	Class I/II					Class III/IV				
	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey
	<u>Dollars per pound</u>					<u>Dollars per pound</u>				
<u>1998</u>										
Sep	9/4,11	2.5918	1.5842	1.0466	0.2624	9/4,11,18,25	2.6726	1.6260	1.0518	0.2637
Oct	10/9,16	2.4828	1.7597	1.0705	0.2563	10/2,9,16,23	2.5081	1.7607	1.0732	0.2544
Nov	11/6,13	2.0889	1.8269	1.0745	0.2426	10/30,11/6,13,20,27	1.9260	1.8278	1.0745	0.2425
Dec	12/4,11	1.3049	1.8552	1.0834	0.2450	12/4,11,18,25	1.3563	1.8643	1.0864	0.2436
<u>1999</u>										
Jan	1/9,16	1.4165	1.8198	1.0715	0.2213	1/2,9,16,23,30	1.4154	1.7225	1.0637	0.2137
Feb	2/6,13	1.2957	1.2824	1.0411	0.1909	2/6,13,20,27	1.2984	1.2925	1.0359	0.1897
Mar	3/6,13	1.3437	1.3056	1.0180	0.1913	3/6,13,20,27	1.3019	1.3064	1.0169	0.1917
Apr	4/10,17	1.0032	1.3154	1.0056	0.1842	4/3,10,17,24	1.0160	1.3126	1.0071	0.1845
May	5/8,15	0.9960	1.2639	1.0055	0.1748	5/1,8,15,22,29	1.0781	1.2499	1.0069	0.1739
Jun	6/5,12	1.4352	1.2422	1.0067	0.1717	6/5,12,19,26	1.4609	1.2786	1.0046	0.1711
Jul	7/10,17	1.3705	1.4548	1.0058	0.1724	7/3,10,17,24	1.3793	1.4583	1.0054	0.1724
Aug	8/7,14	1.4208	1.6849	1.0087	0.1773	7/31,8/7,14,21,28	1.3683	1.7154	1.0089	0.1810
Sep	9/4,11	1.3324	1.8008	1.0155	0.1872	9/4,11,18,25	1.3252	1.7084	1.0174	0.1892
Oct	10/9,16	1.1439	1.4359	1.0188	0.1920	10/2,9,16,23,30	1.1273	1.3934	1.0183	0.1944
Nov	11/6,13	1.0695	1.2521	1.0184	0.1901	11/6,13,20,27	1.0637	1.2058	1.0168	0.1917
Dec	12/11,18	0.9220	1.1268	1.0125	0.1870	12/4,11,18,25	0.9179	1.1371	1.0111	0.1892

^{1/} These averages are the average of the applicable weekly prices weighted by the sales volume for the week. See the columns labeled "weeks ending" for applicable weeks. The most recently released information for the week will be used. Once an average price has been computed, it will not be revised even if NASS issues revised data for a week used to compute the average. However, for the period September-December 1998, as NASS was developing the three new price series, these averages were changed to include revisions issued after the average's scheduled computation date.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 3 - 7, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 12/31/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	9,807,426	616,162	9,191,264	56,656,089	103,384	-0-	-0-
Fortified	-0-	-0-	-0-	3,490,769	-0-	-0-	-0-
TOTAL	9,807,426	616,162	9,191,264	60,146,858	103,384	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 3 - 7, 2000 =	2.0	107.0	COMPARABLE WEEK IN 1999 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1999 =	13.2	700.1	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	1.2
CUMULATIVE JANUARY 1 - 7, 2000 =	2.0	107.0	COMPARABLE CALENDAR YEAR 1999 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 3 - 7, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	171,958	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,019,306	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MI DWEST	-0-	-0-	-0-	-0-	1,683,323	-0-	2.8	0.0
WEST	-0-	-0-	-0-	-0-	58,375,351	103,384	97.1	100.0
EAST	-0-	-0-	-0-	-0-	88,184	-0-	0.1	0.0
TOTAL	-0-	-0-	-0-	-0-	60,146,858	103,384	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/18/99 & Comparable Week 1998 1/ 2/

Regions*											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1:	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
1999-Dairy cows HD (000)	0.2	0.9	6.6	4.8	21.6	2.7	1.7	1.0	10.7	3.1	53.4	2,526.6	47.5	45.8
1998-Dairy cows HD (000)	0.2	1.3	6.4	5.8	20.9	2.4	3.0	0.8	8.3	2.7	51.6	2,581.7	42.3	44.7
1999-All cows HD (000)	0.3	1.1	9.2	13.9	29.0	14.4	17.5	5.7	13.3	8.0	112.4	5,515.8		
1998-All cows HD (000)	0.3	1.3	8.8	17.0	30.1	16.8	21.5	7.0	10.6	8.7	122.0	5,771.3		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.